

2020 Annual General Meeting

Nexus Real Estate Investment Trust



Nexus REIT

Ben Rodney Chair of the Nexus REIT Board of Trustees



Nexus REIT



Notice to the Reader

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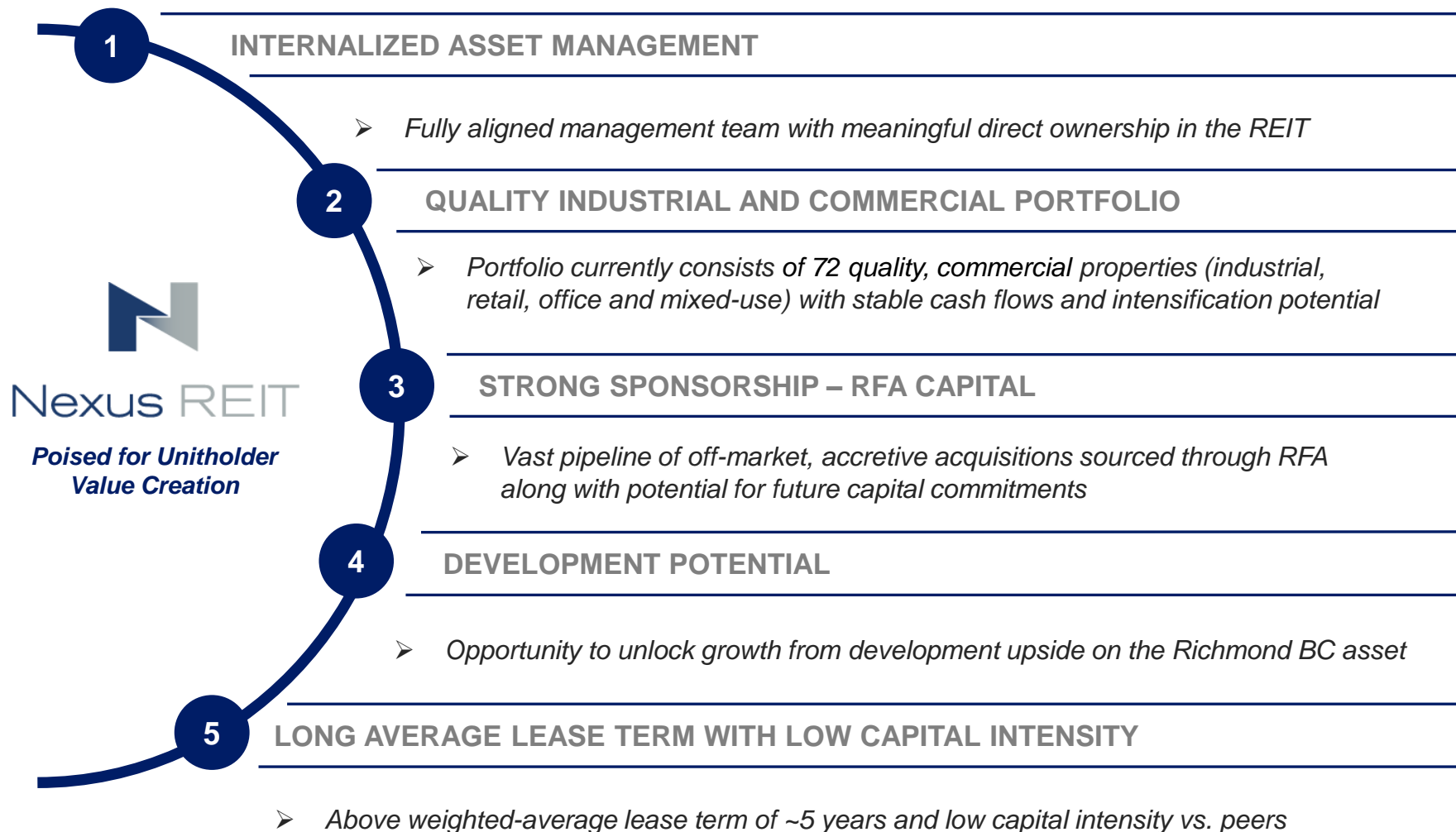
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All figures in C\$ unless otherwise noted.

Nexus REIT at a glance

Nexus REIT (“Nexus” or the “REIT”) is an open-ended REIT focused on unitholder value creation through the acquisition and ownership of commercial properties across Canada



Benefiting from a Strategic Investor and Partner



Overview:

- Privately held real estate investment and asset management firm

Founded:

- 1996

Experience in Real Estate:

- *Invests in office, retail, industrial and multi-family and seniors housing properties in the major Canadian markets as well as mortgages and CMBS*
- *Over the past 20 years, has invested in over \$15B of commercial mortgages*

Headquarters:

- Toronto, ON

Other:

- Canada's first and largest investor in non-investment grade CMBS
- Acquired an entity to form RFA Bank of Canada

Sourced Acquisitions:

- 27 acquisitions sourced through RFA

Strategic partnership to provide pipeline for accretive growth

A Diversified Portfolio

Industrial Portfolio

Stable Cash Flows, Long-Term Leases, and Embedded Rent Escalations

- Provides stability to Nexus as cash flows are stable, long-term, and contain embedded yearly rent escalations
- Properties are crucial and integral to the day-to-day operations of tenants such as MasTec Canada, Westcan Bulk Transport, and Canada Cartage, reducing the re-leasing risk
- The majority of Nexus' industrial portfolio is located in high-demand industrial nodes in Calgary, Edmonton, Lethbridge, and Montreal



Retail Portfolio

Many Investment Grade, High-Quality National Tenants Offering Necessity- Based Products

- Grocery-anchored retail assets located in the Greater Quebec City and Montreal areas
- Sandalwood provides property management services to a significant portion of the retail portfolio
- High-quality tenants such as Shopper's, Dollarama, Metro, National Bank, Super C, Canadian Tire, and SAQ (Quebec's provincial liquor retailer)



Office Portfolio

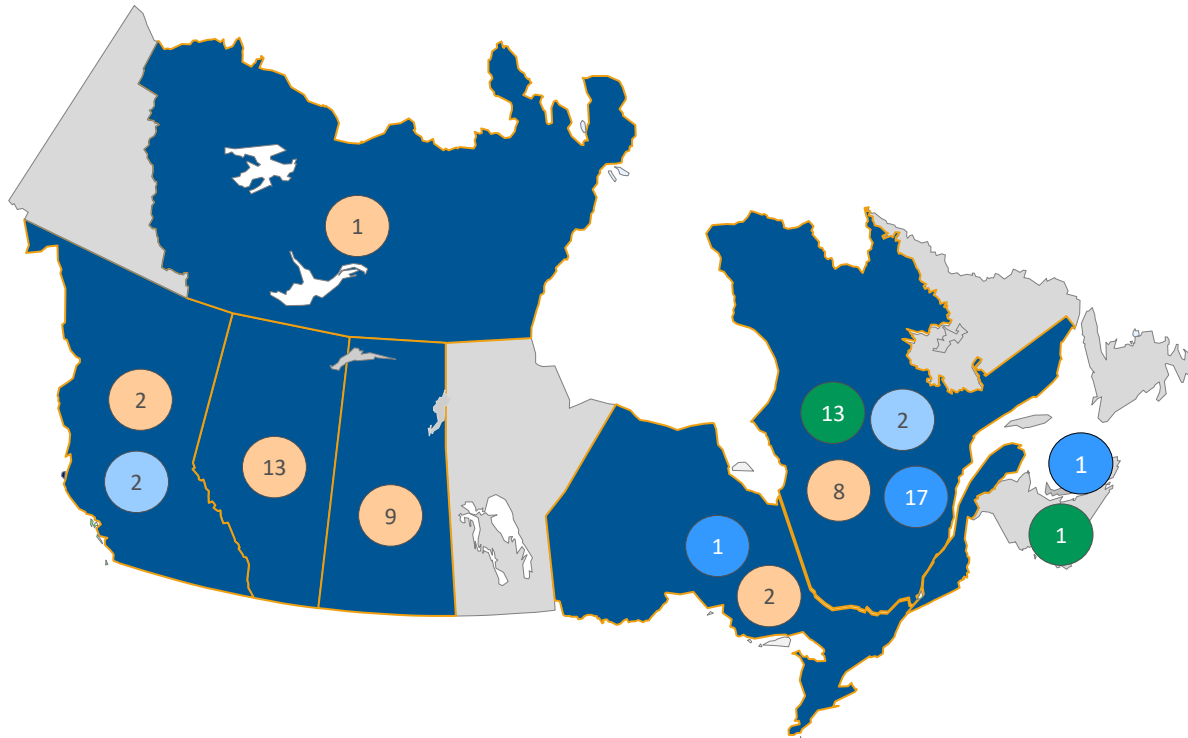
The Majority of Urban Office Assets Located in the Downtown Montreal Core

- Tenants in the portfolio include, Sunlife, Dicom, Xerox, IBM, WSIB, The Notaries of Quebec

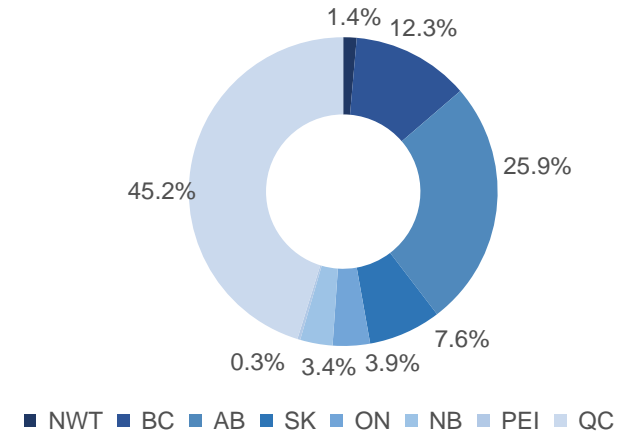


Nationwide Asset Base

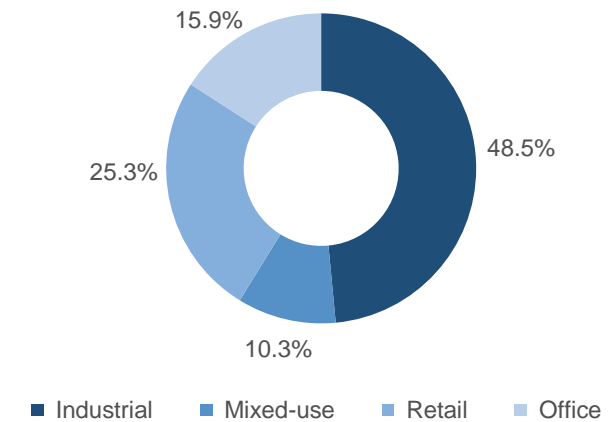
72 properties located across Canada



Base Rent by Province/Territory

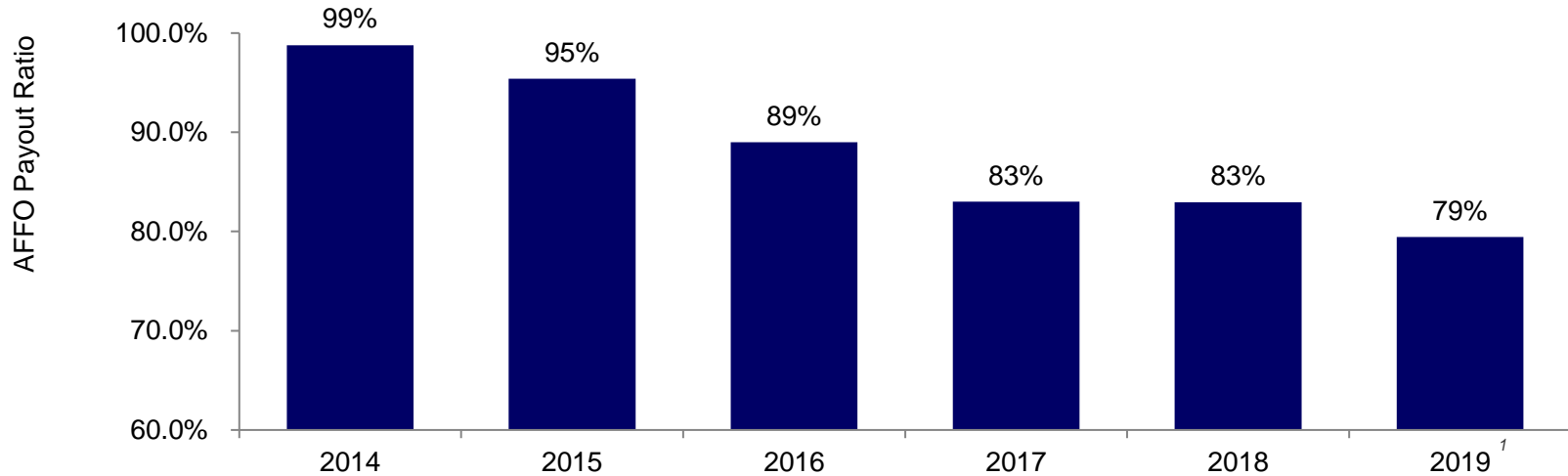


Base Rent by Sector



Demonstrated Track Record of Success

Management has demonstrated its ability to successfully make and integrate accretive acquisitions resulting in a declining AFFO payout ratio



Delivering Strong Growth

- Completed \$91.1MM of off-market acquisitions in 2018, with vendors receiving \$37.0MM in REIT and LP units at a premium to the current trading price.
- Acquired a 4-property portfolio on April 1, 2019 for \$31MM. Properties are located in Saskatchewan, Alberta and British Columbia. The purchase price represents a 9.33% cap rate.
- We had approximately \$80m in advanced stages and another \$120m in initial discussion for 2020 that have been postponed but will hopefully resurface towards the end of 2020.

¹) Based on 2019 Normalized AFFO Payout Ratio

Value Creation - Richmond, BC

Overview

- Purchased an industrial asset (consisting of 2 buildings) in Richmond, BC for \$57.4MM
- Appraised at ~\$80MM (March 2018), highlighting the significant inherent value of the property; offering potential for significant NAV growth
- Repurpose of the front building to a multi tenant sports facility announced March 12 with two new leases signed at \$33 net rent. (Phase IIa)
- Additional value creation with ~70,000 sq ft of additional GLA to be added as a multi-tenant sports facility currently being planned and to begin construction in 2021. (Phase IIb)

Key Transaction Highlights

- 1** *Off-market transaction, sourced through Nexus' long-standing relationship with the vendor*
- 2** *Attractive risk-return development profile, with high inherent value in the property*
- 3** *Accretive to AFFOPU with significant NAV creation potential*

Redevelopment Value Creation Underway



Phase IIa Value Creation Opportunity

Purchase Price	\$57.4MM
Acquisition Cap Rate	6.50%
In-Place NOI	\$3.7MM
Development Investment	\$7.3MM
Post-Development NOI	\$4.9MM
Stabilized Cap Rate	4.50%

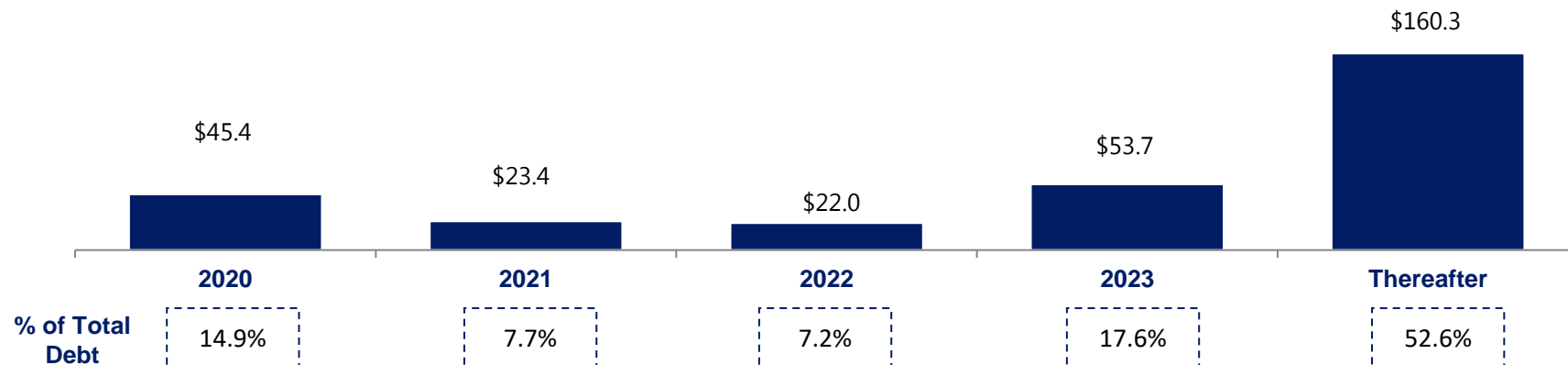
Stabilized Property Value **\$109M**

Unitholder Value Created **\$22.2MM¹**

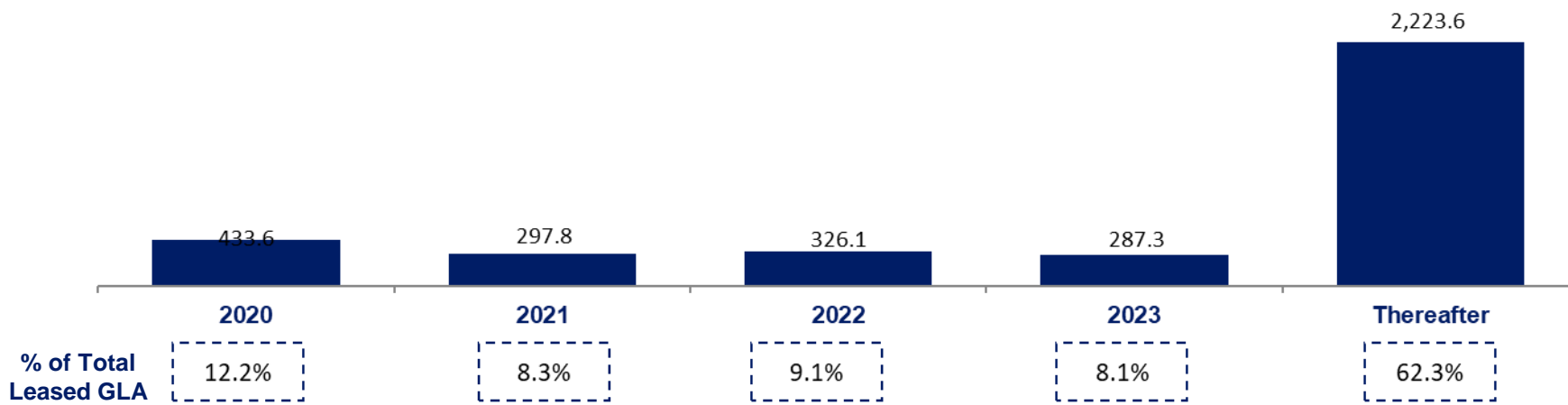
¹ Pursuant to a development management agreement which the REIT has entered into, value creation will be split with the party that sold the property to the REIT and is managing the development on behalf of the REIT

Balanced Debt Maturities and Lease Expiries

Debt Repayment Schedule (\$MM)⁽¹⁾⁽²⁾



Lease Expiry Schedule (Sq. Ft. '000s)⁽¹⁾



1) As at Q4 2019 MD&A

2) Includes lease liabilities and regularly scheduled mortgage principal repayments

April and May Rent Collections to Date

- **84% of total April rents collected, broken down by asset class as:**
 - **Industrial 86.6%**
 - **Mixed Use 96.2%**
 - **Office 96.5%**
 - **Retail 65.9%**

- **80% of total May rents collected, broken down by asset class as:**
 - **Industrial 87.5%**
 - **Mixed Use 80.0%**
 - **Office 86.7%**
 - **Retail 61.3%**

- **Where possible, rent deferral arrangements have been negotiated for tenants with a demonstrated need**
 - **For industrial tenants, this is typically in the form of passing through cash flow benefits of mortgage payment deferrals**
 - **Greater levels of support have been provided for retail tenants whose businesses are heavily impacted**

COVID-19 Update (Continued)

Canada Emergency Commercial Rent Assistance (CECRA) Program

- **Announced April 24, 2020; some additional details announced April 29, 2020; final details outstanding.**
- **Intended to provide commercial rent reductions of 75% to small businesses (businesses with less than \$20 million of annual consolidated revenues, paying rents less than \$50,000 gross per month).**
- **Applicable to the months of April, May and June 2020.**
- **Provincial and federal governments to fund 50% rent reduction; landlords expected to fund 25% rent reduction.**
- **Qualifying businesses must have a reduction in revenues of at least 70% or have been temporarily closed and earning no revenues due to COVID-19.**
- **Details were to be finalized by mid-May. No updates since April 29th. It is unknown when details will be released, when landlords will be able to enroll, and when funding offered under the program would be made available to landlords.**
- **Unknown whether landlords would need to participate on a tenant by tenant, property by property, legal entity by legal entity or other basis. The program could be beneficial to the REIT for some situations and not beneficial to the REIT for others.**
- **Until further details are made available, it is unclear if Nexus will participate in the program, and if we do participate, to what extent.**
- **Announcement of this program on April 24th without details has made May rental collections and discussions with tenants more challenging.**

COVID-19 Update (Continued)

Liquidity

- Approximately \$5MM of cash at March 31, 2020.
- \$5MM of availability under the REIT's revolving credit facility.
- Mortgage principal and interest deferrals provided by key lenders for the months of April, May and June 2020. Deferrals on approximately 42% of debt by principal, approx. \$0.5MM a month of payments deferred, partially offsetting rental deferrals provided to tenants.
- Most municipalities are deferring property tax due dates.
- The REIT has approximately \$25MM of properties which are unencumbered and expects that these properties will be financed to generate an additional \$14MM of liquidity.

2020 Debt Maturities

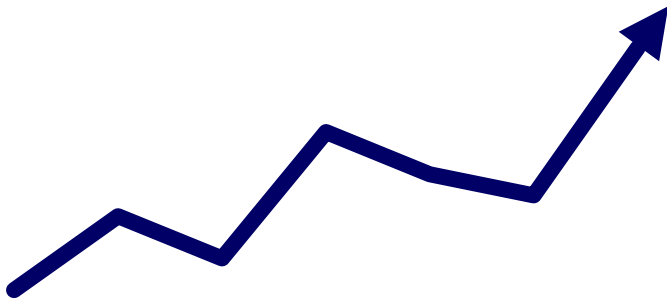
Total of \$38.1MM of debt maturing between April and December 2020.

- Approximately \$6MM refinanced in April; 5-year term 2.5% interest rate.
- Approximately \$5.5MM maturing in June on a South-Shore Montreal industrial property.
- Approximately \$17.9MM to Mature in July 2020 on the REIT's unenclosed retail center in Victoriaville, QC (approximately midway between Montreal and Quebec City), approximately 44% LTV on maturing mortgage.
 - Well occupied and anchored by Canadian Tire, Dollarama, Metro and the Brick.
- \$5MM maturing in September on an Ontario industrial property and \$3.6MM in December on a BC industrial property.

- The debt markets remain open; there is caution when lenders are underwriting retail properties where tenants are not operating. Quebec retail (excluding greater Montreal area) with outside entrances was permitted to reopen on May 4th.
- Historically low cost of a funds - 5-year bond yield are at 0.37%, 7 and 10-year yields are 0.39% and 0.52% respectively.
- Starting to see rate floors and liquidity premiums appear again.

Key Takeaways

Nexus provides investors with the opportunity to invest in an investment vehicle that acquires and operates quality commercial real estate assets across Canada at a valuation that represents a significant discount to NAV



1. We have liquidity
2. Attractive current distribution yield over 10.0%
3. Conservative capital structure with Debt to Assets at year end of ~49%
4. AFFO Payout ratio coming into the crisis was sub 80%
5. Diversified Portfolio of high-quality assets in markets with positive industry fundamentals
6. Experienced management team, fully aligned through direct ownership in the REIT
7. Strong historical performance with consistent AFFOPU and NOI growth
8. Growth opportunities in Richmond BC should result in an increase in the REIT's NAV



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**Thank you for participating in Nexus REIT'S Annual General Meeting
Stay safe and healthy.**